

Maria C. Andrade-Stern

Senior Contract Administrator

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October 17, 2003

Ms. Celeste Fulgham
Regional Contracting Officer
United States Agency for International Development/South Africa
Sancardia Building, 9th Floor
524 Church Street
Arcadia, Pretoria 0007, South Africa

RE: Contract No. LAG-I-00-99-00036-00, Task Order No. 800
UI Project 06967-002, South Africa Access to Housing Finance for Lower Income Households
Quarterly Task Order Progress and Cost Report, July to September 2003

Dear Ms. Fulgham:

Please find enclosed the Quarterly Task Order Progress and Cost Report, July to September 2003, South Africa Access to Housing Finance for Lower Income Households as required under Section F.12 of the above referenced contract.

Please direct any technical questions to Ms. Mary Tomlinson, CoP, UI/Houghton at 011-27-11-642-1872 or E-mail at mtomlinson@hfrp.org.za. Questions of a contractual nature should be addressed to me at (202) 261-5396.

Sincerely,



Maria C. Andrade-Stern

Enclosures

cc: Lyn Buckley (USAID/South Africa)
Sarah Wines (USAID/South Africa)
Mary Tomlinson (UI/South Africa)
Dale Gredler (USAID Washington)
USAID Development Clearinghouse
IAC Deliverables File (06967-002)

**QUARTERLY TASK ORDER
PROGRESS AND COST
REPORT**

JULY TO SEPTEMBER 2003

**SOUTH AFRICA ACCESS TO
HOUSING FINANCE FOR
LOWER INCOME
HOUSEHOLDS**

Prepared for



South Africa Access to Housing Finance for Lower Income Households
United States Agency for International Development
Contract No. LAG-I-00-99-00036-00, TO No. 800

Prepared by

Mary Tomlinson
Chief of Party
The Urban Institute



THE URBAN INSTITUTE
2100 M Street, NW
Washington, DC 20037

October 2003
UI Project 06967-002

QUARTERLY TASK ORDER PROGRESS AND COST REPORT

JULY TO SEPTEMBER 2003

SOUTH AFRICA ACCESS TO HOUSING FINANCE FOR LOWER INCOME HOUSEHOLDS

Task Order No.: LAG-1-00-99-00036-00, Task Order No. 800

Date of Issuance: September 6, 2000

Amount Obligated Under Task Order: \$ 3,476,660

Total Potential Task Order Amount: \$ 3,771,314

Dollars Expended To-date: \$ 2,613,492

Key Personnel: Prime Contractor Contact: Mary R. Tomlinson, CoP
Contact Phone #: +27 11 642 1872
Email: mtomlinson@hfrp.org.za

Task Order Description:

In September 2000, the South African Mission of the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a two-year project to improve access to housing finance for low-income households. (The project received a two-year extension in September 2002.) Specifically, the project aims to increase access to adequate housing for historically disadvantaged and lower income households in South Africa by providing better access to credit. As part of this effort, UI provides technical assistance, training and financial support to innovative initiatives by national and local governments, parastatal financial institutions, commercial financial institutions and non-governmental organizations (NGOs), that want to carry out housing finance related projects.

As required by Section F.12 of the Contract, a description of the progress under Task Order No. 800 during this quarter is set out below.

NOTE: The CoP was on Home Leave the month of August

I. HIGHLIGHTS

- Hosted a meeting of the Housing Finance Clearinghouse (HFCH), July 2003
- Presentation of the funded research, *Doing It For Themselves: Hope and challenges in incremental housing*, by Kecia Rust, University of the Witwatersrand Housing Seminars, August 2003
- Presentation of the funded research, *Sink or Swim: Progress in the relationship between banks and alternative lenders in South Africa's low-income housing finance sector*, by Kecia Rust at the Current Issues in Micro-finance Conference, August 2003

- Funded a representative of Fannie Mae to facilitate discussions between South Africa's banking sector, the Department of Housing, the Department of Treasury, etc. on the extension of housing finance to the low-income market through the establishment of a Public/Private Partnership (PPP), August 2003
- Co-funded the execution of the 3rd Wharton School/Public and Development Management Joint Housing Finance Executive Programme, September 2003
- Workshop carried out to examine whether the Kuyasa Fund, savings-linked-to-credit model, can be extended outside the Western Cape, August 2003

II. PROGRESS OF MAJOR ACTIVITIES

Projects completed:

- Peoples' Dialogue request to fund an investigation aimed at facilitating access to subsidies for informal self-build housing delivery projects based on the development of a financing mechanism
- Nurcha request to fund a feasibility study aimed at facilitating the development of a small private landlord rental sector
- Nurcha request to fund a feasibility study aimed at facilitating the development of an informal backyard rental market
- Protea Finance request to fund the development of a non-discriminatory and objective 'application scorecard'
- Housing Consumer Protection Trust request to fund a strategic planning exercise
- Servcon request to fund an investigation into the response of households that have been right-sized over the previous two years
- Department of Housing request to fund international technical assistance to continue drafting Community Reinvestment-type legislation/regulations
- Department of Housing request to fund technical assistance from Fannie Mae to critique the Banking Council's proposal on a Public Private Partnership to extend housing finance

Project files have been opened and contracting is occurring around the following:

- SACCOL request to fund a feasibility study into whether South Africa's credit union movement is the appropriate banking tier to provide 'green finance'
- Institute for Housing request to fund the installation of two solar water heaters at their Annual Conference in Rustenburg
- Department of Housing request to fund the preparation of a Sustainable Housing Delivery Policy Framework
- Department of Housing request to review the Wharton School/P&DM Joint Housing Finance Executive Program to determine its future course
- National Association of Social Housing Associations (NASHO) request to fund a feasibility study on the establishment of a fund to provide hardship cover (retrenchment, HIV-AIDS) for resident of its member social housing associations

- Johannesburg Property Company request to fund an investigation into the energy efficiency and costs of alternative forms of energy for water heating systems in inner-city housing projects.

Conferences attended/participated in:

- Attended and participated in the Urban Sector Network Summit, July 2003
- Attended and participated in the Micro-finance Regulatory Council's Research Workshop, August 2003
- Attended and participated in the African Union for Housing Finance AGM in Mauritius, where the initial results of the AUHF/Banking Council Informal Settlement Monitor, being funded by the HFRP, was presented to members, September 2003; arising from this presentation the World Bank's Cities Alliance has approached the HFRP to house the project on a full-time basis
- Attended and participated in the COPE Housing Association Cooperative Housing 'Indaba', August 2003

III. DELIVERABLES AND REPORTS

Reports and Occasional Papers prepared this quarter:

- *Sink or Swim: Progress made in the relationship between banks and alternative lenders in South Africa's low-income housing finance sector*, by Kecia Rust, HFRP Occasional Paper no 9, September 2003
- Retail Financial Intermediaries (RFIs): Application Risk Scorecard, a report by TransUnion Decision Support Services, September 2003
- *Getting South Africans Under Shelter: An overview of the South African Housing Sector*, by David Gardner, HFRP Resource Document, September 2003

IV. PROBLEMS OR DELAYS AFFECTING THE TASK ORDER PERFORMANCE

None at this time.

V. WORK PLANNED FOR NEXT REPORTING PERIOD

The HFRP operates as a demand-driven program, meaning housing sector organizations approach it when they feel the need for funding. Hence, on the one hand the HFRP must wait to be approached for assistance. On the other hand, the HFRP is still quite able to take steps to ensure that the focus areas it has established for funding are addressed. This is done through continually networking with representatives of the housing sector. In the next quarter the HFRP will be:

- Attending the National Housing Finance Corporation's 1st Annual Housing Finance Symposium

- Arranging to provide technical assistance to the Department of Housing to assist it in negotiating around the extension of housing finance to low-income households as part of the Financial Sector Charter negotiations occurring between the banks and government
- Attending the Institute of Housing's Annual Conference in Rustenburg
- Hosting the HFRP's Annual Report-back Meeting to representatives from all the key housing sector organizations. Dr. Sally Merrill will be in South Africa to attend the meeting.
- Attending and participating in the Urban Services Network and Cope Housing Association's Board Meetings and Finance and Audit Committee meetings.
- Preparing the Annual USAID Review

VI. SPECIFIC ACTION REQUESTED

None at this time.